

**A SPECIAL CITY COUNCIL MEETING OF THE LEON VALLEY CITY COUNCIL
HELD ON THE 27TH DAY OF JUNE 2006 AT THE LEON VALLEY CONFERENCE
CENTER**

The City Council of the City of Leon Valley, Texas, met in Special Session on this 27th day of June 2006 at 6:00 p.m., Leon Valley Conference Center, 6427 Evers Road, Leon Valley, Texas, for the purpose of the following business, to-wit:

Call to Order and Pledge of Allegiance

Mayor Riley called the meeting to order and asked that the minutes reflect that the following Councilmembers were present: Maloy, Reyna, Semmelmann, Dean, and Rangel.

City Manager Cortes, City Secretary Feutz, City Accountant Wallace, Assistant Police Chief Wallace, Library Director Trent, Community Development Director Smith, Economic Development Liaison Caldera, Fire Chief Irwin, Assistant Fire Chief Lee, City Engineer Wright, Interim Public Works Director Stolz, and Human Resources Officer Schendel were all present.

Mayor Riley led the Pledge of Allegiance and welcomed meeting visitor, "Katie", Councilmember Maloy's granddaughter.

Citizens to Be Heard

No one appeared; therefore, Mayor Riley read the next agenda item caption.

FY 2007 Budget Discussion

Discussion of Inventory of City Services:

City Manager Cortes addressed Council explaining that he had met with staff and worked with the City Accountant to review the needs and anticipated expenses for FY 2007 that would allow a continuation of City services at the level the citizens of Leon Valley expect. He explained that by Council prioritizing City services, the need to direct adequate funding to continue those services gives staff direction on concentrating funds and efforts toward those priorities.

Prioritization of City Services

Members of City Council discussed the importance of police, fire and emergency services for all citizens as priorities, but expressed their concern about how they could rank utility billing, accounts payable, and other city services as not important as those services were also needed to keep the business of the City running.

City Manager Cortes explained that a copy of the proposed FY 2007 Budget was placed before each member of Council. He explained that in the budget he was proposing a two-cent ad valorem tax increase which would provide employees

with a 3 percent (3%) cost of living increase. He informed Council that the average CPI for San Antonio for the period of January 2005 - January 2006 was 4 percent (4%) and the Gasoline Index was 4.9%. He further stated that informing Council of the broad proposals in the budget may assist Council in setting priorities for City services. Mr. Cortes stated that since last year the average home value has increased from \$98,000 to \$105,000 and with the increased appraisal value and the proposed ad valorem tax increase the annual ad valorem tax for the average homeowner would increase by approximately \$58.00 per year. He told Council that the proposed budget includes funding for the Code Enforcement Officer to be put on full time status after the grant funding ends in 2007 and funding was also included to address any salary compression and certification pay in the Public Works Department. He also recommended that \$50,000 from the fund balance be used to form a vision plan for the City for Economic Development. Mr. Cortes stated that he would recommend Council consider sales tax be collected on CPS gas and electric utility bills which could bring in an additional \$55,000.

Mr. Cortes stated that on the water and sewer side of the budget, he will recommend that Council consider a 3% increase in water and sewer rates and will also recommend a twenty-three-cent increase for water supply funding. He informed Council that the cost for lease and purchase of water rights is expected to increase significantly. He estimated that the average increase to Leon Valley water users would be \$4.22 per month.

Mr. Cortes explained that he was not dedicating funding for a full 100 percent (100%) of the calculated payroll, but rather funding would be dedicated for what he anticipates would be the payroll at the end of FY 2007. He explained that after reviewing five years of moneys left for the fund balance at the end of each fiscal year, due to lower than expected payroll expenses due to vacancies, he felt that the 2.5% of the projected payroll could be dedicated to other costs. He informed Council that he estimated that by holding back 2.5% in payroll funds, \$83,000 was redirected in the proposed FY 2007 budget for other areas.

Council discussed the need to consider how the tax increase would affect homeowners who are not eligible for various ad valorem tax exemptions so that voters will know and can plan for how much the budget will actually cost them annually.

Councilmember Semmelmann expressed his concerns about an increased tax burden to those not protected by the age and disability tax exemptions, increased water costs, stormwater fees, grant matching funds, and debt service for various capital equipment and improvements. Mr. Cortes stated that an election in November 2006 could bring Certificates of Obligation before the voters or bring the street maintenance sales tax issue before the voters. He added that the street maintenance sales tax issue has never failed in other Texas cities because people who use the streets also pay the taxes through sales taxes rather than having the residents pay for the street repairs.

Councilmember Maloy expressed her recommendations to give higher priority to tools that will retain and attract businesses to the City in the areas of Economic

Development and zoning. She also stated that she wanted to know what the aggregate cost increase will be for the average homeowner so that taxpayers will know how much the budget will cost them.

Councilmember Reyna recommended that Department Heads be asked to look at the budgets for their departments and for them to recommend where to cut 5%, 10%, or 15% of their budgets. He also recommended that Department Heads be asked what they would do with an extra 2% - 3% for their budgets if they were given it.

Councilmember Rangel expressed his concerns regarding low revenue collected by the City and suggested the City consider other options that may increase revenue.

Councilmember Dean stated that he felt that 70% of the budget already goes to high priority areas of the City: police, fire and public works.

Mr. Cortes stated that some assumptions were made in forming the proposed budget. He stated that the certified tax roll would not be available until around July 25, 2006. He told Council that actual costs for health insurance and liability insurances were not available for a few more weeks.

Mayor Riley stated that she likes to see comparisons with other cities for judging our costs to other cities.

Council discussion continued on options for increasing revenue for the City and how expenses for various City services could be lowered. City Manager Cortes asked Council to continue to consider their priorities for City spending as it would help staff work on the budget for this year and the next year. Mr. Cortes informed Council that he would meet with each member of Council to review budget numbers and public hearings would be scheduled later in July and August for the FY 2007 budget for the public to have input on the budget.

Announcements

Councilmember Semmelmann announced that he would be out of town from August 16, 2006 - September 3, 2006.

Mayor Riley asked for Council to look at their calendars for a date for the Open Meetings/Public Information Act training in the next two months. After discussion, it was decided that the workshop would be held on August 8, 2006 from 7:00 p.m. - 9:00 p.m. at City Hall. The City Attorney will be asked to participate in the discussion. Councilmember Dean announced that he had viewed the training and would turn in his certificates when he received them.

Councilmember Reyna asked for a resolution to be placed on the next agenda, or one shortly after that date, to tell the Texas Department of Transportation, the Alamo Regional Mobility Authority, and Bexar County that the people of Leon Valley do not want an elevated or toll road through the City. Discussion followed regarding the rules of order

and Mayor Riley stated that she would consult with the City Attorney to review the point of order for the resolution.

City Manager Cortes informed Council that designated parking would be available for members of Council and transportation to the parade staging area for the parade scheduled for July 1, 2006, with parade line up at 9:30 a.m. for the Council.

Mayor Riley reminded everyone of the next Council Meeting to be held on Thursday, July 6, 2006.

Adjourn

There being no further business to come before Council, Mayor Riley announced the meeting's adjournment at 7:50 p.m.

Mayor

ATTEST:

City Secretary